

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7441

BILL NUMBER: SB 405

NOTE PREPARED: Apr 7, 2003

BILL AMENDED: Apr 7, 2003

SUBJECT: Motor Vehicle Documentation and Sales.

FIRST AUTHOR: Sen. Clark

FIRST SPONSOR: Rep. Mahern

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill: (1) requires a motor vehicle dealer, under certain circumstances, to furnish a valid certificate of title to a purchaser or transferee not more than 21 days after the date of sale or transfer, and revises procedure regarding delivery of certificate of title; (2) revises procedure regarding certificate of salvage titles; (3) requires an assembled vehicle to bear an identification number and requires certain information on its certificate of title; (4) requires permission from the Bureau of Motor Vehicles (BMV) to place a special identification number on a motor vehicle that does not bear its original or unaltered identification number; (5) repeals language regarding procedure for an application to the BMV for a missing manufacturer's identification number on a motor vehicle; (6) requires an insurance company to apply to the BMV for a certificate of salvage title for certain salvaged or stolen vehicles; (7) provides that the BMV may not issue an offsite sale license to certain motor vehicle dealers; (8) makes it an unfair practice for a person to act as a broker in the advertising, buying, or selling of at least 12 new or used vehicles per year; (9) requires certain applications for a license to be a dealer or wholesale dealer of motor vehicles to be accompanied by a bond or renewal certificate for a bond to indemnify or reimburse a purchaser, seller, or financier for monetary loss caused by certain actions or inactions; (10) requires that an off-road vehicle must be registered with the Department of Natural Resources (DNR) in order to be operated, and revises registration procedure; (11) Makes it a Class C infraction to operate an off-road vehicle without the identification numbers issued by the Department attached to the off-road vehicle, with certain exceptions; and (12) makes conforming amendments.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) (8) *The bill makes it an unfair practice for a person to act as a broker in the advertising, buying, or selling of at least 12 new or used vehicles per year.* IC 9-23-6-4 provides for a civil penalty of not less than \$50 and not more than \$1,000 for each day of violation for each act of violation, as

determined by the court. Civil penalties are deposited into the state General Fund. In addition, IC 9-23-6-1 provides for a Class B misdemeanor for violation of this article.

The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

(10) Off-road vehicle registration: State revenues may increase due to two factors: (1) Collection of penalties for unregistered vehicles, and (2) Increased revenues due to higher compliance with registration requirements.

Registration Fees: This bill requires that an individual that purchases a vehicle include a copy of the bill of sale and a signed affidavit with the registration application. The following table presents the number of annual vehicle registrations processed by the Department of Natural Resources each year. The number of unregistered vehicles is unknown. The registration fee for vehicles is currently \$6. Given that there is now a penalty for operating a vehicle without registration numbers, the number of vehicles registered may increase. The effect this will have on fees collected for new registrations is unknown.

Off-Road Vehicle Registration.

| Year | New Registrations | Renewals | Total |
|---------|-------------------|----------|-------|
| CY 2001 | 7,107 | 1,210 | 8,317 |
| CY 2002 | 6,534 | 1,033 | 7,567 |

Note: 2002 as of October 31.

Penalty Provision (11): The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures: (Revised) *Penalty Provision (11) - Class B Misdemeanor:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: (Revised) *Penalty Provision - Class B Misdemeanor and Class C Infraction:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the court fee (\$120 for a misdemeanor and \$70 for an infraction) that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Bureau of Motor Vehicles; Department of Natural Resources.

Local Agencies Affected: Trial courts, local law enforcement agencies.

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